

Take stock of your spending patterns

ANTHONY KEANE

SPENDING patterns in households have changed dramatically due to COVID-19, giving many a chance to make long-lasting improvements to their financial position.

Consumers' expenditure in some areas has almost stopped, while other expenses are booming due to home isolation.

Spending on gyms, travel, cafes and education has dropped sharply, according to an analysis by AlphaBeta Advisors and credit bureau illion.

But it found we're spending at least 60 per cent more on gambling, home improvements, food delivery and online subscriptions than we did in precoronavirus weeks.

Financial strategist Theo Marinis said many households – including his own – were spending less, but others were getting more things delivered.

"You can go crazy – it's like any shopping," he said. "You can buy all sorts of things, especially if you are bored."

The current climate was a great opportunity to cut spending, Mr Marinis said. "Be more disciplined," he said.

Mr Marinis said people worried about what would happen when the coronavirus crisis ended could look back a century to the Spanish flu pandemic at the end of World War I.

"On the other side it was the Roaring Twenties," he said.

"People wanted to celebrate that they survived a tough time.

"So don't blow all your money on stuff now.

"Keep your powder dry – you want to enjoy all the things we have in life when we have got them again."

Sort my Money founder David Rankin said COVID-19 had resulted in big falls in "hidden high discretionary spending", such as hair and beauty care, gyms, eating out and entertainment.

"Right now is a real chance to take stock of what's important

– a lot of spending we do on autopilot," he said.

"When we come out the other side we will have to decide what spending we resume."

Mr Rankin said the growth of online shopping created more temptation "and a lot of people have more time to be tempted".

"It's a good idea to have a separate bank account for your day-to-day spending," he said. "Set yourself a weekly allowance and make sure it's separate from your bills account."

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